

ECONOMY AND EFFICIENCY COMMISSION

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SUMMARY REPORT ON THE ACTIVITIES OF THE ECONOMY AND EFFICIENCY COMMISSION

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The Los Angeles County Economy and Efficiency Commission was created by a resolution of the Board of Supervisors in June, 1964. The commission is composed of 21 citizens who serve without compensation of any kind. It has the responsibility by ordinance to investigate any operation of County government and submit recommendations to the Board to improve the economy, efficiency and effectiveness of the government.

The County furnishes an office and the services of a full time executive secretary, a staff specialist and a secretary. From time to time, the commission has also enlisted experts in the industrial, professional, and consulting fields to assist in its studies without cost to the County.

The Board of Supervisors has consistently appointed highly qualified members to the commission. To list a few of the members - the Chairman is Dr. Robert J. Downey. He has a Ph.D. in Business Administration and has had a wide and diversified experience in business. George E. Bodle is a partner in the law firm of Bodle, Fogel, Julber, Reinhardt and Rothschild and is past Chairman of the Labor Relations Law Section of the American Bar Association. Margaret Paterson Carr is the first woman Foreman of the Los Angeles County Grand Jury. Dr. Mario Di Giovanni is a scientist and engineer. He has 16 patents on

scientific instruments to his credit and pioneered in the development of the first implantable artificial heart. Dr. Carolyn Ellner is Associate Dean of the Claremont Graduate School. Jerry Epstein has been a leader in the development of Marina del Rey, one of the most successful joint ventures of government and private enterprise in the country. Douglas Ferguson is President of the Quaker City Federal Savings and Loan in Whittier. Milton Gordon is a real estate consultant, former Real Estate Commissioner of the State of California, and Co-Chairman of Mayor Bradley's Advisory Committee on City-County Consolidation. Mary Jane Kidd is Chairman of the Board of Trustees of Verdugo Hills Hospital and a Director of the Glendale Chamber of Commerce. Dr. Warren Schmidt is a professor at the Graduate School of Management at UCLA and specializes in organizational behavior and management. Larkin Teasley is Senior Vice President of the Golden State Mutual Life Insurance Company. Thus, the commission reflects a broad spectrum of professional and business expertise.

COMMISSION STUDIES

During its existence, the commission has conducted ⁴⁰~~36~~ major studies of County government. It is scheduled to release two more studies in late September and early October. The completed reports contain a total of ¹⁸⁴~~176~~ recommendations. Of these, the Board has approved ¹⁶³~~over 150~~, generally after conducting a public hearing. The following is a summary of a few of the commission's studies.

1. Productivity in County Departments - October, 1965

The report contained four recommendations covering formation of a management audit and work measurement function to be established in the Chief Administrative Office. The report was adopted by the Board and the program was

initiated in late 1965. The unit has conducted over 50 audits and studies of County departments and programs. According to a report by the Chief Administrative Office in April, 1976, the work measurement program has eliminated 2,953 budgeted positions at an annual savings of \$36 million and cumulative savings of \$161 million.

2. County Personnel Organization and Administration - July, 1966

During the 1960's, employee dissatisfaction with the unilateral system of decision-making by County officials on salary increases and benefits grew increasingly militant. In the summer of 1966, the unrest culminated in a series of strikes, walk-outs, and work stoppages by social workers, welfare workers, hospital workers, and others. The commission's report was directed towards resolving these conflicts and establishing a balanced collective bargaining system.

The report proposed a charter amendment to consolidate all personnel functions in one department under a Director of Personnel. It also proposed establishment of a collective bargaining system providing for negotiation between management and unions on wages, hours and other terms and conditions of employment. The Board voted to put the amendment on the ballot, and it was approved by the voters in the 1966 general election. Since establishment of the new department the County has been relatively free of strikes and the salary increases which have been negotiated have been consistently in line with trends in the private sector.

3. County Compensation Policies and Practices - August, 1966

The report contained 14 recommendations proposing a major overhaul of compensation policies and practices, including changing the method of paying craft workers. The report was based upon a study conducted by a Special Indus-

try Committee, organized by the Economy and Efficiency Commission, and composed of personnel officers from eleven major companies in the area.

At that time wages for craft workers in the County - plumbers, painters, electricians, and carpenters - were based on wages negotiated by the Associated General Contractors (AGC) in the construction industry. Construction workers, however, are employed from job to job. Therefore, unlike the County craft workers, they are not employed on a permanent basis. To account for lost time between jobs, their wages are set higher than the wages for craft workers in large companies. The salaries of the craft positions in the County, however, are not paid on the basis of comparable positions in these companies but at the higher rates in the construction industry. As a result, craft workers in the County are paid between \$200 to \$600 more a month than their counterparts in industry. The commission estimates that this differential costs the County over \$7 million a year.

The unions, fought the recommendation intensely with a great deal of abuse and criticism of the commission. The Board rejected the recommendation and the AGC wage formula is still in effect.

4. Consolidation of Sheriff-Marshal Bailiff and Civil Process Functions in Los Angeles County - September, 1967

The report recommended that the Board take all necessary action to secure State legislation that will enable the County to consolidate the Marshal's office under the Sheriff. The Sheriff's Civil Division and the Marshal perform almost identical functions. The Sheriff provides bailiffs for the Superior Court - the Marshal for all Municipal Courts. The Sheriff serves writs and processes issued by any court - so does the Marshal.

The report estimated that consolidation of the two functions would result in the reduction of 110 positions at an annual savings of \$1.5 million. The Board of Supervisors unanimously approved the recommendation, but legislation

enabling the consolidation has been blocked in the State legislature since 1968, principally because of the lobbying efforts of the Municipal Court judges who elect and control the Marshal.

At the time of the commission report, the total personnel budget of both the Sheriff's Civil Division and the Marshal was \$9 million and the total employment was 775 employees. Now the combined budget is \$26.3 million. The total employment is 1,060. The commission estimates that the savings today would amount to over \$3 million annually. It would also add 461 uniformed employees and over 200 police vehicles to the Sheriff's Department.

In 1967, the commission pointed out that in the four court facilities in the County that had Superior Courts and Municipal Courts, the Sheriff and the Marshal each was required to have an office almost across the hall from each other. The commission predicted that this duplication would increase if consolidation were not effected. Now there are 13 court facilities with both Sheriff's and Marshal's offices.

What perhaps is most ironic about this situation, is that of the 24 counties that have Municipal Courts and therefore could have a Marshal, ten counties operate only with a Sheriff. This is because eight counties did not establish a Marshal's office when the original law was passed in 1925 allowing the establishment of a Marshal's office, and two counties - Alameda and Kern - were allowed to abolish the Marshal's office in the 1950's. Thus, the legislature is telling Los Angeles County and, in fact, five other Southern California counties which have sought this legislation, that it will not allow these counties to do what the ten counties in the State are already doing.

5. Los Angeles County Architectural Services - March, 1969

This study was conducted at the request of the Grand Jury which criticized the County's method of awarding architectural contracts. The Grand Jury

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commented, "There is no competition of ideas or encouragement of economy in the method now followed in the initial selection of architects."

The commission's report supported the Grand Jury's criticism. It found that there was no professional evaluation in the selection of architects. Rather, each Supervisor hired the architect for each building constructed in his district. As a result, a few favored architects captured the majority of County business. In the previous ten years, seven firms had received 64 percent of the fees awarded during the period.

The report contained 14 recommendations covering establishment of an Architectural Evaluation Board and detailed procedures for systematic evaluation of architects, including performance reports. The Chief Administrative Officer at the time actively opposed the recommendations. In the presentation before the Board of Supervisors, the commission was supported by representatives of the American Institute of Architects, the Grand Jury, and the Los Angeles Area Chamber of Commerce. The Board voted unanimously to adopt the recommendations.

Currently, the County has over 200 architectural firms evaluated and listed according to size, experience, and capabilities. Over 50 new architects have been appointed to County projects and the "favored few club" no longer exists.

6. Study of the Los Angeles County Charter - July, 1970

At the request of the Board of Supervisors, the commission conducted a year long study of the County organization structure. During the course of the study, the commission held 12 public meetings and heard presentations from 27 different speakers, including authorities on County government from other areas of the country and representatives from taxpayers' organizations, the unions, civic groups and the minority communities.

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The report recommended that the Board place a charter amendment on the ballot to establish the position of a strong chief executive appointed by the Board of Supervisors. The chief executive would have broad authority to manage and control County operations including the authority to appoint and discharge department heads.

The Board voted four to one to place the proposal on the ballot in the 1970 general election. Despite endorsement by the Los Angeles Area Chamber of Commerce, the California Taxpayers Association, the Property Owners Tax Association of California, the 1970 Grand Jury, and most of the major newspapers and radio and television stations, the voters rejected the measure by a 54 percent vote.

7. Fire Protection Services in Los Angeles County - June, 1972

The report reviewed in detail the serious deficiencies in the system of providing fire protection services in Los Angeles County. At that time, the system consisted of 43 separate fire departments. Of these, only Los Angeles County, Los Angeles City and Long Beach were of sufficient size to meet the requirements set forth in the Municipal Fire Administration manual to provide minimum desirable fire department protection. Thirty-four of the departments employed less than 100 firemen and many of them no more than 30 to 40 firemen operating out of only one or two stations.

The result is a jurisdictional maze with fire stations in a number of instances located a few blocks away from each other across a city boundary line. The report estimated that if fire stations were located logically so that their response area did not overlap, 48 of the 378 stations in operation could be closed with no deterioration in service. The annual operating cost of these superfluous stations ranges from \$9 to \$10 million. The capital and equipment investment cost is over \$7 million.

The report recommended that cities which operate their own departments should examine other alternatives which offer significant potential for reducing costs and improving the quality of fire protection service. The goal should be a consolidation resulting in three to five major fire departments in the Los Angeles basin. The report recommended three means of consolidation: 1) Intercity consolidation through a joint powers authority, 2) Contracting for services from another city, and 3) Annexation to the Consolidated Fire Protection District operated by Los Angeles County.

The League of California Cities called the report "without a doubt, one of the most significant studies of fire protection problems in metropolitan areas ever written."

Although a number of cities have conducted studies on possible consolidations through joint powers, no mergers have been effected since the report was released. Three cities - South Gate, Claremont, and Whittier - have discontinued their separate fire departments and joined the Consolidated Fire Protection District. The total savings are estimated at \$776,000 annually. In 1976, the Inglewood City Council considered consolidation with the district but rejected the alternative although the County study showed that the city would save over \$2 million. The Glendale City Council is currently studying consolidation. The County estimates that it would save \$1.5 million.

8. Management of Construction Projects in Los Angeles County Government - September, 1972

The report recommended establishment of a consolidated facilities department to concentrate under one head all major functions involved in the planning design, construction, and maintenance of County facilities. At that time, these functions were scattered among five different departments. The Board adopted the recommendations, and the new department became operational

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in March, 1974. In his first annual report in 1975, the Director of the new department, Stephen Koonce, reported that savings of \$39.9 million had been achieved through reprogramming or redesign of eleven major projects. The need for this kind of capability was a major subject of the commission's report.

9. Civil Service and Collective Bargaining in Los Angeles County Government - December, 1973

The report contained a detailed analysis of the conflicts which have developed between the County's traditional civil service system and the recently established collective bargaining system. To resolve these problems, the report recommended a charter amendment to combine the Civil Service and Employee Relations Commissions into a single commission of five members. The new commission would be responsible for establishing the major policy guidelines and the rules and regulations governing both the merit elements of civil service and the procedures governing collective bargaining. The report also recommended a second charter amendment to delete the prevailing wage clause from the County Charter.

At a hearing in March, 1974, the Board voted against deletion of the prevailing wage clause. At a second public hearing in August, the Board received and filed the recommendation on the combined commission. The Board has taken no further action since then on these recommendations.

10. The New York City Crisis and Los Angeles County Government: Organization, Employment, and Compensation - May, 1976

In October, 1975, the Board of Supervisors asked the Economy and Efficiency Commission to review the causes of the financial crisis in New York City and make preventative recommendations to safeguard Los Angeles County from a similar disaster. The report concluded that Los Angeles County shares with New York City and other local governments many of the external and internal conditions that led to the crisis in New York. As a result, expenditures are threatening to outrun available revenues.

The report presented a history of the past ten years summarizing the increase in employment - 44,000 to 76,000 - and associated increase in expenditures - \$940 million to \$2.7 billion. The report concluded that basic organizational reform is needed to reverse the trends of the past ten years and avert a fiscal crisis.

The report recommended that the Board delegate more authority to the Chief Administrative Officer and hold him accountable for the supervision of County departments. It also recommended that a Compensation Review Committee be established consisting of the Chief Administrative Officer, the Auditor-Controller, and three public members knowledgeable in salary and wage administration. The report pointed out that the County managers responsible for bargaining and proposing salary increases have a clear conflict of interest. Because of the uniform system of fringe benefits, County managers receive the same increases they agree to in the bargaining process. In addition, higher salaries granted at the lower levels tend to push up their own salaries. Thus, an independent committee is needed to certify to the Board each year that the County's compensation plan is consistent with reasonable standards of personnel practices.

In June, 1976, the Board received and filed this report.

Currently, the commission is completing a second report on the County's fiscal problems. It deals with two sources of County costs, the automatic step salary increase plan and the supervisory structure. By the time the recommended budget reaches the Board of Supervisors, there is no practical way to eliminate the costs which were generated by built-in elements of these systems - in some cases more than a year ago. Thus, the excess costs they generate cannot be removed from any year's budget without prior correction of the administrative

systems causing them. The commission estimates they account for at least \$30 million in excess annual costs, or approximately 12¢ on the tax rate. The report is due for release in late September.

The commission is also preparing a report on Propositions A and B on the November ballot. Proposition A is a charter amendment providing for an elected County Mayor who would function as the chief executive. The Board of Supervisors would continue as the legislature. Proposition B is an amendment which would increase the size of the Board to nine members. The report on these issues is scheduled for release in early October.



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